



UNITED STATES ATTORNEY'S OFFICE

*Acting United States Attorney William J. Flanagan
Western District of Louisiana*

United States Courthouse • 300 Fannin Street, Suite 3201 • Shreveport, Louisiana 71101-3068 • (318) 676-3600
United States Courthouse • 800 Lafayette Street, Suite 2200 • Lafayette, Louisiana 70501-7206 • (337) 262-6618

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Contact: William J. Flanagan (318-676-3600)

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FORMER LOUISIANA OILFIELD CONTRACTORS ASSOCIATION EMPLOYEE PLEADS GUILTY TO FRAUD AND MONEY LAUNDERING

Total Net Loss of \$285,395.09 to La. Oilfield Contractors Association

Lafayette, Louisiana . . . Edward Paul Verdin, 36, of Franklin, La., a former employee with Louisiana Oilfield Contractors Association, pleaded guilty today to mail fraud and money laundering violations, Acting United States Attorney William J. Flanagan announced. The plea was entered in United States District Court in Lafayette before U. S. District Judge Richard T. Haik.

Verdin was employed as a claims adjuster for the Louisiana Oilfield Contractors Association (LOCA), a self-insured worker's compensation group in Lafayette, La. Part of Verdin's responsibilities included reviewing worker's compensation cases for possible fraud. If the case appeared to be legitimate, Verdin would authorize payment; if the case appeared suspicious, Verdin would hire a private investigation (PI) firm to investigate the validity of the claim, and when the claim was resolved, he would then authorize final payment to the PI firm for their expenses.

In July 2007, Verdin created a fictitious private investigation firm, Legal Risk Management Consultants (LRMC), and for approximately two years, used this company to bill LOCA for fictitious investigative activities that he authorized in his capacity as claims adjuster for LOCA. Verdin would then deposit the funds into an account he opened, doing business as Legal Risk Management Consultants. The investigation also revealed that Verdin used some of the fraudulently obtained funds to purchase a health club, Vital Fitness, located in Franklin, La., by making a payment of \$35,000.00 to the sellers.

Verdin fraudulently authorized a total of \$297,772.09 in expenses to be paid to LRMC, but Louisiana Oilfield Contractors Association was able to stop payment on four cases, resulting in a net total loss to LOCA of \$285,395.09.

Verdin faces a maximum penalty of 20 years in prison, a \$250,000.00 fine, or both. This case was investigated by the United States Secret Service and the Internal Revenue Service, and is being prosecuted by Assistant United States Attorneys J. Collin Sims and Richard A. Willis.

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